

Scheme Advisory Board

HYBRID MEETING – 21 JULY 2025

ITEM 11 – PAPER I

COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE (CMBDA)

CHAIR'S REPORT FROM MEETING – 30 June 2025

Local Government Pension Committee (LGPC) update

1. The Committee received an update from Lorraine Bennett on how funds could use their discretion not to include McCloud remedy in this year's Annual Benefit Statements (ABS). If funds wanted to exercise that discretion, they would need that decision to be reasoned and formally signed off in line with their delegations. They would also need to highlight this decision in any ABSs where it applied. It was felt that [TPR's statement of 19 June 2025](#), which recommended that prior notice also needed to be given to members, wasn't helpful and issued too late in funds planning process, since some ABSs had already sent out.
2. The Committee was also reminded that the connection date for the Dashboard is in October this year, but inclusion of Additional Voluntary Contribution (AVC) data remained problematic. LGPC were working to standardise approaches and get agreement between funds and software suppliers on a solution.
3. The Committee noted the helpful statement by the Government on the Virgin Media case. Officials from the Government Actuary's Department (GAD) confirmed that the Government's preferred solution would be to allow actuaries to retrospectively produce new compliance certificates, where historic ones were not done or weren't available. However, that would require them to review historic membership data and benefits costings, or the imputation of this where that data was no longer available.

MHCLG Update

4. The Committee discussed the Access and Fairness consultation. Generally, the proposals were warmly welcomed, although member representatives wanted to push further on certain issues, e.g. around the survivor benefits available to cohabiting partners under earlier schemes.
5. The Committee queried that no costing for the provisions had yet been produced. MHCLG officials were able to confirm that these had not yet been produced and assumptions around this would be made later, when the final policy decision had been taken. The case for statutory guidance on how to prioritise retrospective benefit recalculations was also pressed.
6. On Gender Pensions Gap (GPG), the Committee welcomed the Government's proposals – both in terms of tangible changes to scheme

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Scheme Advisory Board

rules (e.g. around changes to how the regulations deal with child-related and unpaid leave) and also the new duty to report the GPG in fund valuation reports.

7. However, the Committee agreed to respond requesting some amendment to the proposals, not around fundamentals, but what is achievable for inclusions in 2025 local fund valuation reports and what should be targeted over a longer timescale. The Committee also reiterated its view that GPG reporting should be mainstreamed across all the public sector schemes.
8. The Committee also noted that the GPG Roundtable event, held on 18 June 2025, had been a great success. The Committee noted its thanks to Becky Clough and the rest of the Secretariat Team for arranging and managing it on the day.
9. Draft LGPC and SAB responses to the consultation would be shared with their respective Boards at their 21 July 2025 meetings.

Association of Consulting Actuaries (ACA) letter on exit valuations

10. The [ACA's letter to the Board](#) had been referred to the Committee to take a view on. Steve Simkins, on behalf the ACA's Pensions in Public Service Committee and co-drafter of the letter was invited to introduce this item. The Committee noted that the new Funding Strategy Statement guidance had been amended specifically to bring greater transparency and openness around the setting of local funding approaches, including in relation to exit valuations. However, it remains to be seen whether this would lead to any greater consistency in the approaches adopted at different funds.
11. The Committee did not feel that further guidance that aimed at standardising approaches across funds was appropriate at this time but decided to keep the issue under review. The Secretariat would take an action to review funds' FSSs when these were finalised to see whether further guidance on this subject was desirable.

Recommendation – that the Secretariat review the revised fund FSSs to see what effect the new guidance has had on consistency of approach to exit valuations.

2025 fund valuations: SAB basis

12. After some discussion of the different options around the choice of discount rate, the Committee agreed to adopt the recommendation in [GAD's advice](#).

United Learning

13. The Chair expressed his concern at the situation with United Learning, an LGPS scheduled employer which was offering its staff an inducement to opt out of LGPS and into an inferior DC scheme. This was being done in a

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way that seemed to exploit a “loophole” in the underlying legislation. It was also being done without offering staff appropriate, independent financial advice and this kind of practice, if replicated elsewhere, could undermine the sustainability of the scheme going forwards. It was agreed to recommend to the Board that it seek legal advice on ways to address this kind of behaviour.

Recommendation – that the Board asks the Secretariat to seek legal advice on ways of ending the practice of employers offering inducements to leave the Scheme.

Committee Workplan

14. The Committee agreed the key workstreams expected for 2025 and therefore asks the Board to approve the workplan below:

Workstream	Details	Action	Timescales
Gender Pensions Gap	The Committee has an agreed GPG action plan for the working group to follow.	See Item 8 Paper C	Ongoing
Opt-out data	Work with MHCLG to devise a system to enable collection and analysis of opt out data	Respond to Access and Fairness consultation	7 August 2025
MHCLG consultation on member benefits	Work with MHCLG on initial proposals Prepare a Board response once the consultation launches	Respond to Access and Fairness consultation	7 August 2025
Normal Minimum Pension Age (NMPA)	NMPA changing in 2028, will there be protection for existing members? Board agreed to review on receipt of LGPC technical paper	Consider role in responding to Board decision	TBC – not clear yet when Government will make policy decision or consult on any necessary changes

Scheme Advisory Board

Workstream	Details	Action	Timescales
Review of local fund valuations	To be discussed with GAD and waiting to see if there will be any steers on surpluses or employer contributions from MHCLG	Covered in Item 9 Paper D	Ongoing and awaiting Scottish fund Section 13 outcome due in summer 2025, which may give some indication

Recommendation – that the Board notes the progress made by the Committee on the issues set out above and agrees the workplan.
